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THE VOICE OF LOCAL GOVERNMENT

TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

COMMITTEE ON ENERGY AND TECHNOLOGY

March 16, 2010

CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 90% of Connecticut's population.

H.B. 5506, "An Act Concerning the Taxation of Telecommunications Company Property and Utility Deposits for Business Customers."

The bill would treat the personal property of telecommunication properties in a manner similar to all other business personal property by:

- Giving municipalities the information they need to plan for fluctuations in the PILOT funds by **requiring telecommunications companies to report their inventory of personal property not later than November 13th** of each year.

Telecommunications companies have a unique option in Connecticut to have their personal property assessed and collected by the State. Statutes provide that if they exercise that option they pay property tax according to a statewide mill rate of 47, rather than the mill rate of the community in which the property is actually located.

The statewide uniform mill rate and its easier administration is not the only enticement for telecommunications companies under this special program.

The State utilizes an aggressive federal depreciation schedule that provides that *after five years the telecommunications companies pay no personal property tax whatsoever*. That is, although the personal property is still useful for earning profits for these private corporations, the corporations pay no property taxes on the equipment.

This special treatment for one industry means, inevitably, that whatever the telecommunications industry does not pay in property taxes will have to somehow be made up by every other business and residential property taxpayer in the host municipality.

We understand that the companies may not wish to pay a higher statewide mill rate on new equipment and have residual value. **We suggest instead a compromise by which new telecommunications property be assessed according to the mill rate in the municipality in which it is located and have 30% residual value.**

This would assure municipalities that they would receive revenue for the telecommunications equipment for as long as it is owned and being used – *just like the personal property of virtually every other business in Connecticut.*

The type of special treatment for one class of private company is a luxury Connecticut's local governments can no longer afford.

We urge you to amend the bill to provide (a) that new telecommunications equipment be assessed according to the mill rate of the municipality in which it is located, and (b) have a 20% residual values for assessment purposes for as long as it is being used.

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If you have any questions, please call Donna Hamzy of CCM, at (203) 498-3000.